



DEPARTMENT OF TAXATION
STATE OF HAWAII

May 17, 1984

TAX INFORMATION RELEASE NO. 84-2

RE: Subcontract Deductions Claimed by General Contractors for Payments Made to Pest Control Operators Under the General Excise Tax Law, Chapter 237, Hawaii Revised Statutes (HRS)

Effective July 1, 1984, this Release will supersede Tax Information Release No. 40-73, dated December 21, 1973.

Act 60, S.L.H. 1984, amended Section 237-6, HRS, by adding a new paragraph which further defines a "contractor," as follows:

"(3) Every person engaged in the practice of pest control or fumigation as a pest control operator as defined in section 460J-1."

Section 237-13(3)(B), HRS, provides that a taxpayer contractor, in computing the general excise tax as a contractor, shall deduct from gross income so much thereof as has been included in the measure of the tax, payments made to another taxpayer who is a contractor, as defined, or who is a specialty contractor, duly licensed by the Department of Commerce and Consumer Affairs pursuant to Section 444-9, HRS, in respect of taxpayer's business as such, if the tax on the amount so deducted has been paid by such other person.

In accordance with the foregoing amendment to the statute, general contractors making payments to pest control operators shall be allowed to claim such payments as subcontract deductions effective July 1, 1984.

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